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Special Counsel to Richard A. Marshack

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:

THE LITIGATION PRACTICE GROUP P.C.,

Debtor.

Case No.: 8:23-bk-10571-SC

Chapter 11

**SUPPLEMENTAL DECLARATION OF R.
REED PRUYN IN SUPPORT OF SALE
MOTION AND RELATED BRIEFS**

Date: July 21, 2023

Time: 10:00 a.m.

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C

411 W. Fourth Street

Santa Ana, CA 92701

DECLARATION OF R. REED PRUYN

I, R. Reed Pruyn declare as follows:

1. I am an attorney, licensed in good standing in California, Utah, Colorado, and Idaho.
2. I have personal knowledge of the matters set forth herein. If called as a witness in this matter, I could and would testify competently thereto.
3. I formerly submitted a declaration in support of Trustee Richard A. Marshack's *Motion of Trustee Richard A. Marshack for Entry of an Order (A) Approving Sale of Assets Free and Clear of All Liens, Claims, Encumbrances and Interests Pursuant to 11 U.S.C. § 363(b) and (B) Approving Assumption and Assignment of Certain Executory Contracts and Unexpired Leases and Other Agreements* (the "Motion"), because it is perhaps only way to continue to best serve and meet the needs of the former deserved clients of The Litigation Practice Group P.C. ("LPG").
4. Because the Court has requested further briefing in support of the Motion, I am respectfully submitting this supplemental declaration.
5. Between March 20, 2023, the date LPG filed its chapter 11 petition for relief, and July 16, 2023, the date of this declaration, I have assumed the legal representation of LPG clients in Colorado, Utah, Idaho, and California in about 140 cases (adding to my existing roster of LPG cases).
6. I have been representing LPG clients without pay or reimbursement of necessary costs incurred since about May 12, 2023.
7. Since about May 12, 2023, I have resolved about 50 cases and, in about 10 of those, I obtained dismissals based on hardship.
8. LPG clients manifestly suffered some measure of hardship before enrolling in the program. Often, the hardship comes from high interest rates on usually multiple credit accounts that steadily but surely eat them alive.
9. After LPG clients get sued, I endeavor to promptly enter legal stipulations that provide for affordable monthly payments over time where no further interest accumulates. In fact, in virtually every one of the resolutions that I negotiate on behalf of LPG clients, and with their consent, no interest accumulates over the course of their payment plan. Instead, LPG clients chip away at a fixed sum over time.

1 10. These agreements confer on them a considerable benefit. To wit, the vast majority of
2 consumers who, for whatever the reason, cannot make more than a minimum monthly payment on
3 credit card account balances never get ahead; rather, they continue to sink. Interest typically
4 compounds daily not uncommonly at rates around 29.99%. So \$50 of groceries or household items,
5 for example, ultimately costs them more. And an \$18,000 credit card balance, for example, will
6 increase to well over \$22,000 after eight months of little or no payment activity because of
7 compounding interest and fees.

8 11. Put differently, given a \$10,000 credit card debt at 29% interest, and a \$300 monthly
9 payment (the approximate payment amount that clients make to LPG), it would take 69 months to
10 pay off the debt. In that instance, the consumer would pay \$20,574 in principal and interest. By halting
11 compounding interest through litigation and the provision of legal services, LPG clients obtain a
12 substantial benefit. I have entered approximately 40 of such settlement agreements for LPG clients
13 since about May 12, 2023.

14 12. LPG clients routinely tell me they have asked a given bank backing the credit account
15 to pause or lower their interest rate, to no avail. And banks will typically not close an account for
16 about seven to eleven months where there is no activity on it, so interest and fees accumulate.
17 Settlements, though, typically shave off all that built up excess—the compounding interest and
18 accumulating fees—on accounts, sometimes a lot more depending on the circumstances.

19 I declare under penalty of perjury under the laws of the United States of America that the
20 foregoing is true and correct.

21 DATED: July 16, 2023



R. Reed Pruyn

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 655 W. Broadway, Suite 800, San Diego, California 92101

A true and correct copy of the foregoing document entitled (*specify*):

SUPPLEMENTAL DECLARATION OF R. REED PRUYN IN SUPPORT OF SALE MOTION AND RELATED BRIEFS

will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On July 17, 2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On July 17, 2023, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on July 17, 2023, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

JUDGE'S COPY

The Honorable Scott C. Clarkson
United States Bankruptcy Court
Central District of California
Ronald Reagan Federal Building and Courthouse
411 West Fourth Street, Suite 5130 / Courtroom 5C
Santa Ana, CA 92701-4593

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

July 17, 2023
Date

Caron Burke
Printed Name

/s/ Caron Burke
Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

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